

## NEW SCO FY 2010/11 YEAR-END REPORTING REQUIREMENTS FOR ACCOUNTS PAYABLE RECLASSIFICATION

In CALSTARS, encumbrances outstanding at year-end are automatically carried forward to the new fiscal year as Start-of-Year Encumbrances. For year-end reporting purposes, the G02 Report, Pre-Closing Trial Balance and Post-Closing Trial Balance, automatically reflects all GL 6150, Encumbrances as GL 3010, Accounts Payable. As a result, departments do **not** record a year-end adjusting entry to reclassify encumbrances as accounts payable. However, the State Controller's Office requires that encumbrances must be reclassified to the correct general ledger liability account (GLs 3110, 3210, 3220, 3290), rather than GL 3010.

Departments must perform a detailed analysis to determine the appropriate "Due To" account, the amount to be reclassified and the ultimate Fund Source of the accounts payable to be reclassified as follows:

- ✧ Request an X01 report to determine the correct vendor type. If vendor type is incorrect, make appropriate changes in the Vendor Edit table.
- ✧ Request the D07, Year-End Document File Report Of Encumbrances.

The D07 Report, ordered at the PCA Level (F=1), identifies each encumbrance by Vendor Type and PCA. The D07 Report is sorted by Enactment Year, Fund within Enactment Year, Vendor Type within Fund and then PCA within Vendor Type. Vendor Types **C, E, I, P** are displayed on the D07 Report. These Vendor Types and Vendor Type **1** are not manually reclassified because they will be properly reported as Accounts Payable by CALSTARS. The following chart shows the Vendor Types on the D07 Report that require manual reclassification:

Vendor Types Requiring Reclassification		
TYPE	DESCRIPTION	RECLASSIFICATION GL
2	Federal Agency	3210
3	State Department	3110
4	Local Government	3220
5	Other Govt'l Agency	3290

If using agency or laser print reports for this analysis, discard Vendor Types **C, E, I, P** and **1**. Separate the pages for Vendor Types **2, 3, 4** and **5**. If downloading data sets through the agency/departement CTSO, the file can either be configured with MONARCH data mining software ([D07 MONARCH MODEL INFORMATION-NEW FY SCO 2010-11 YEAR-END REPORTING REQUIREMENTS](#)) or MONARCH can export the data to a spreadsheet program. In either case the C,E,I,P and 1 vendors can be sorted and excluded (or deleted). Sort the remaining vendors by their vendor type and summarize the totals for each.

**NOTE:** If there are documents with incorrect Vendor Types, the department must determine the appropriate Vendor Type for each document. Include documents that should have been encumbered with Vendor Type **2, 3, 4** and **5** with the documents that were correctly encumbered. Departments may avoid this extra step by always

assigning and keying a Vendor Number when establishing an encumbrance.

- ★ Review the PCAs shown on the D07 Report for Vendor Types **2, 3, 4, and 5**.
- ★ Review a current PCA Table listing to identify the Ultimate Funds Distribution lines and the PCA Type. PCA's with a PCA Type other than 1 allocate to other fund sources as determined by the CA Table. Review the CA Tables to determine PCAs receiving allocated encumbrances.

After identifying the encumbrances by Vendor Type, follow the instructions below for completing the reclassification of encumbrances.

### **INSTRUCTIONS FOR COMPLETING RECLASSIFICATION WORKSHEET FOR VENDOR TYPE 3:**

Exhibit V-1 is an example of a completed Vendor Type **3** Accounts Payable Reclassification Worksheet. Exhibit V-2 is a blank Vendor Type **3** Accounts Payable Reclassification Worksheet that may be reproduced for departmental use.

**NOTE:** The following procedures manually illustrate the reclassification worksheet process. Departments can create spreadsheet programs based on Exhibit V-1. This may significantly reduce staff time and increase accuracy.

A separate Accounts Payable Reclassification Worksheet is completed for each FFY that has Vendor Type **3** encumbrances. The D07 Report is sorted by Enactment Year, not FFY. The FFY is listed in the body of the report.

1. Locate the encumbrances for Vendor Type **3** on the D07 Report.
2. For each encumbrance listed as Vendor Type **3**, identify the fund number the encumbrance is "Due To" (the fund number in which the payment will be deposited by the receiving department). If the fund number is not known, use the fund number of the department's main support appropriation. Write this fund number in the right margin of the D07 Report next to the "Balance" of each encumbrance.
3. Prepare a separate Accounts Payable Reclassification Worksheet for each FFY with Vendor Type **3** encumbrances. Write the FFY at the top of the worksheet.
4. Transfer to the worksheet the fund numbers identified in Step 2. Write the fund numbers across the top of the worksheet in the boxes located under "Due To Fund". If there is more than one encumbrance with the same fund number, list the fund number only once on the worksheet.
5. In the "PCA" column of the worksheet, list the PCAs from the "PCA" column of the D07 Report. List each PCA only once.
6. Using the D07 Report, calculate the encumbrance amount for each PCA and Fund combination. Post the calculated amounts to the appropriate "Fund" column and "PCA" row on the worksheet.
7. For each PCA listed on the worksheet, list the PCA's ultimate Fund Source (Appropriation Symbol, Fund Source, Fund and Method) and the percentage

to be charged. To identify the PCA's ultimate Fund Source view the PCA (for the FFY of the document) in the PCA Table. For PCAs with PCA Type=1, the ultimate fund source(s) are shown in the fund distribution segment of the PCA record. For PCAs with PCA Types other than 1, use the CA Table to determine the PCAs (with PCA Type=1) that will eventually be charged through the cost allocation/fund split (CA/FS) process.

8. Calculate the encumbrance amount to be charged to each ultimate funding source. Perform this calculation by multiplying the percentage for each PCA's ultimate Fund Source(s) by the lump sum encumbrance amounts identified in Step 6. Post these calculations into the appropriate column and row on the worksheet.
9. Calculate the "Total Worksheet" amount by summing the column totals. The "Total Worksheet" amount should agree with the total of the documents for the FFY for Vendor Type 3. Be careful to calculate only the distribution amounts, do not include the original lump sum encumbrance amounts.

**NOTE:** In order to facilitate the "Due From Other Funds/Appropriations (GL1410/1420) and Due To Other Funds/Appropriations (GL 3114/3115) Supplementary Information" worksheet for GL3110, the vendor number must be keyed in when posting TC 517.

#### **INSTRUCTIONS FOR COMPLETING RECLASSIFICATION WORKSHEET FOR VENDOR TYPE 2, 4 and 5:**

Exhibit V-3 is an example of a completed Vendor Types 2, 4 and 5 Accounts Payable Reclassification Worksheet. Exhibit V-4 is a blank Vendor Types 2, 4 and 5 Accounts Payable Reclassification Worksheet that may be reproduced for department use.

A separate Accounts Payable Reclassification Worksheet is completed for each FFY that has Vendor Type 2, 4 and 5 encumbrances; however a separate worksheet is **not** completed for each Vendor Type. The D07 Report is sorted by Enactment Year, not FFY. The FFY is listed in the body of the report.

1. Locate the encumbrances for Vendor Types 2, 4 and 5 on the D07 Report.
2. Prepare a separate Accounts Payable Reclassification Worksheet for each FFY with Vendor Type 2, 4 and 5 encumbrances. Write the FFY at the top of the worksheet.
3. In the "PCA" column of the worksheet, list the PCAs from the "PCA" column of the D07 Report. List each PCA only once.
4. Using the D07 Report, calculate the encumbrance amount for each PCA and Vendor Type combination. Post the calculated amounts to the appropriate "Vendor Type" column and "PCA" row on the worksheet.
5. For each PCA listed on the Worksheet, list the PCA's ultimate Fund Source (Appropriation Symbol, Fund Source, Fund and Method) and the percentage to be charged. To identify the PCA's ultimate Fund Source view the PCA (for the FFY of the document) in the PCA Table. For PCAs with PCA Type=1, the ultimate Fund Source(s) are shown in the fund distribution segment of the

PCA record. For PCAs with PCA Types other than 1, use the CA Table to determine the PCAs (with PCA Type=1) that will eventually be charged through the CA/FS process.

6. Calculate the encumbrance amount to be charged to each ultimate Fund Source. Perform this calculation by multiplying the percentage for each PCA's ultimate Fund Source(s) by the lump sum encumbrance amounts identified in Step 4. Post these calculations into the appropriate column and row on the worksheet.
7. Calculate the "Total Worksheet" amount by summing the column totals. The "Total Worksheet" amount should agree with the total of the documents for the FFY for Vendor Types 2, 4 and 5. Be careful to calculate only the distribution amounts and do not include the original lump sum encumbrance amounts.

### INSTRUCTIONS FOR CODING RECLASSIFICATION ENTRIES

Record a separate transaction for each ultimate fund distribution calculated on the worksheets. Use TC 517 for Vendor Type 3 entries and TC 519 for Vendor Types 2, 4 and 5 entries:

TC 517-YE Reclassify Encumbrances (A/P) as Due to Other Funds or Appropriations\*

Dr. 3010 Accounts Payable

Cr. 3110 Due to Other Funds or Appropriations

TC 519-YE Reclassify Encumbrances (A/P) as Due to Other Governments

Dr. 3010 Accounts Payable

Cr. (Input 3210, 3220 or 3290)

**When the same suffix is used (i.e. 00), only the last entry used for reclassification will show in the Document File and the previous entries will have no match requirements.**

**NOTE: Use a Current Document Number RECL3010 *nn* (where *nn* is a suffix) and assign an incremental Document Number Suffix to each entry, beginning with Suffix 01.** If the same Suffix is used on all entries (i.e. 00), only the last entry used for reclassification will show on the Document File and the previous entries will have no match requirements. This will result in errors during the YEC/YEO process causing further delays.

Use Document Date of **06-30-yy** (where **yy** is the current year.)

**Do not use the PCA.** Instead, use the ultimate funding information: (Appropriation Symbol, Fund Source, Fund and Method) identified on the worksheets.

\*When posting a TC 517, the **vendor number** must be keyed into the transaction in order to facilitate the "Due From Other Funds/Appropriations (GL1410/1420) and Due To Other Funds/Appropriations (GL 3114/3115) Supplementary Information" worksheet for GL3110.

TC 517 entries for Vendor Type **3** require an 8-digit Subsidiary. The Subsidiary is **nnnn0000** where *nnnn* represents the fund number the encumbrance amount is Due To (identified on the worksheet at the top of the "Fund Due To" column). These Subsidiaries must be established in the D32 Subsidiary Descriptor Table.

TC 519 entries for Vendor Types **2, 4** and **5** require a General Ledger number. Use the GL numbers contained in the column heading for the Vendor Type.

**NOTE 1:** After the reclassification entries have been posted, the FM13 DB1/DB2 Reports will include the GL 3110 and GL 32*nn* from the TC 517 and TC 519 entries as well as an offsetting line titled "Reclass Accts Payable/Enc". These lines should be included in all FM 13 reconciliations.

**NOTE 2:** Because both TC 517 and TC 519 create an abnormal balance in GL 3010, all transactions post to the Error File. Departments can avoid these errors by entering **W** in the ERR OVRD Field on the financial transaction input screen. If errors do occur, correct these errors by using the Fund Control Override (**44, W**) error correction coding.

Departments may also correct these errors by setting position **3** of the OC Table Fund-related Error Severity Segment to **W**. Make sure to change position **3** in the OC table for each Funding Fiscal Year posted in the reclassification transactions. This allows these transactions and all other FM 13 abnormal balance transactions to post with a warning message. Once the YEC/YEO process has been completed, the OC Table should be changed back to "F" or blank.

All entries recorded with TC 517 and TC 519 are reversed in the new year.

**NOTE:** To have these entries automatically reversed during the Year-end Open process, they must be coded according to the Automated Accrual Reversal Process (batch type "00") requirements discussed in CALSTARS Procedure Manual, Chapter II, section *Use of Fiscal Month 13 for Year-end Adjustments*.

EXHIBIT V-1  
VENDOR TYPE 3 ACCOUNTS PAYABLE  
RECLASSIFICATION WORKSHEET

FUNDING FISCAL YEAR 2010  
(TC 517)

PCA	DUE TO FUND			
	0001	0044	0666	0678
10000	<u>431,956.00</u>	<u>32,511.00</u>	<u>40,000.00</u>	<u>640.00</u>
36% 100-G-0001-1	155,504.16	11,703.96	14,400.00	230.40
64% 101-F-0890-1	276,451.84	20,807.04	25,600.00	409.60
20000				
100% 201-F-0890-1	200,000.00	16,300.00	20,000.00	--

**TOTAL WORKSHEET:** \$741,407.00

SOURCE: D07-Year-end Document File Report of Encumbrances

Prepared by: U. R. Dunne Date: 7-11-11

EXHIBIT V-2  
VENDOR TYPE 3 ACCOUNTS PAYABLE  
RECLASSIFICATION WORKSHEET

FUNDING FISCAL YEAR \_\_\_\_\_  
(TC 517)

PCA	DUE TO FUND			

TOTAL WORKSHEET: \_\_\_\_\_

SOURCE: D07-Year-end Document File Report of Encumbrances

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

EXHIBIT V-3  
VENDOR TYPES 2, 4, & 5 ACCOUNTS PAYABLE  
RECLASSIFICATION WORKSHEET

FUNDING FISCAL YEAR 2010  
(TC 519)

PCA	VENDOR TYPE 2 3210-DUE TO FEDERAL GOV'T	VENDOR TYPE 4 3220-DUE TO LOCAL GOV'T	VENDOR TYPE 5 3290-DUE TO OTHER GOV'TS
10000		<u>675,000.00</u>	
36% 100-G-0001-1		243,000.00	
64% 101-F-0890-1		432,000.00	
20000			
100% 201-F-0890-1		125,000.00	

**TOTAL WORKSHEET: \$ 800,000.00**

SOURCE: D07-Year-end Document File Report of Encumbrances

Prepared by: U. R. Dunne Date: 7-11-11



EXHIBIT V-23  
REPORT NO. 20 STATEMENT OF FINANCIAL CONDITION  
SPECIAL DEPOSIT FUND

FUNDING FISCAL YEAR \_\_\_\_\_  
(TC 519)

PCA	VENDOR TYPE 2 3210-DUE TO FEDERAL GOV'T	VENDOR TYPE 4 3220-DUE TO LOCAL GOV'T	VENDOR TYPE 5 3290-DUE TO OTHER GOV'TS

**TOTAL WORKSHEET:** \_\_\_\_\_

SOURCE: D07-Year-end Document File Report of Encumbrances

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_